

## DIRECTORATE OF INTELLIGENCE

JAPAN: THE NAKASONE ADMINISTRATION'S HANDLING OF ECONOMIC ISSUES OF CONCERN TO THE UNITED STATES

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<u>Issue</u>	<u>Status</u>	<u>Comments</u>
1. Financial liberalization	○	Much progress made in implementing May 1984 yen/dollar accord, which promotes deregulation. Differences over trust banking and Euroyen markets remain.
2. Agricultural quotas and tariffs	○	Agreement reached in spring 1984 calls for expansion of beef and citrus imports over next three years. Government refuses, however, to consider complete liberalization of agricultural imports.
3. Standards and certification procedures	○	Recently have begun to accept foreign test data but implementation in several key areas still slow.
4. Telecommunications legislation	○	Foreigners will be allowed to sell value-added networks after Nippon Telegraph and Telephone (NTT) privatized in April 1985. New equipment standards being drafted--appears they may be more restrictive than before.
5. NTT procurement of foreign telecommunications equipment	○	After bilateral agreement took effect in 1980; foreign sales to NTT increased initially, but US sales have declined recently. Outlook uncertain after return of NTT to private sector.
6. Restraint on steel shipments to United States	●	Have expressed willingness to accept export restraints although have yet to agree on limits for various types of steel.
7. Voluntary restraint on exports of cars to United States	●	Decided to extend initial agreement signed in 1980 for a fourth year. Bureaucrats have hinted extension in 1985 also possible.

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- indicates that issue basically resolved during Nakasone's tenure.  
○ indicates that progress has been made but problem areas remain.  
● indicates that no real movement has occurred since Nakasone assumed office in 1982.

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| 8. Purchase of foreign satellites                      | ○ | Tokyo will allow private firms to purchase foreign satellites, but government policy of domestic development of satellites remains firm.                         |
| 9. Permission for foreign lawyers to practice in Japan | ● | No movement so far and none likely before 1987.  |
| 10. Whaling moratorium                                 | ○ | Tokyo signed agreement in November 1984 to end sperm whaling as of 1988, but disagreements with Washington over interpretation have subsequently arisen.         |
| 11. Software legislation                               | ○ | Proposed protectionist legislation stalled by bureaucratic wrangling but not yet dead.   |
| 12. Sales of foreign cigarettes                        | ○ | Japan Salt and Tobacco Company monopoly on sales ended, but US companies' concerns about distribution system persist.  |
| 13. Energy purchases from United States                | ● | Participating in feasibility study of Alaskan LNG pipeline but dragging feet on boosting coal purchases.   |
| 14. Removal of semiconductor tariffs                   | ● | Elimination of tariffs approved by Tokyo and will be enacted when parallel legislation passed by US Congress.  |
| 15. Foreign direct investment in Japan                 | ● | In May 1984 Diet revoked regulations limiting foreign investment in 12 Japanese companies. Improvements also made in approval process for direct investments.    |
| 16. Policies concerning depressed industries           | ● | Still permits depressed industries to form cartels, limiting foreigners' sales opportunities. Continues to restrict foreign access to industrial trade councils. |
| 17. Excise taxes                                       | ● | Expanding number of items subject to excise taxes, which hit import sales disproportionately.  |

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This matrix was prepared by [redacted]  
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Analysis. Information available as of 11 December 1984 was  
used in its preparation.

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of Economic Issues of Concern To the United States

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